UNITED
NATIONS

E

Economic and Social Council

Distr.
GENERAL

E/CN.3/1991/13
2 January 1991

ORIGINAL: ENGLISH

Statistical Commission
Twenty-sixth session
4-13 February 1991
Item 4 (c) of the provisional agenda

NATIONAL ACCOUNTS AND BALANCES: LINK BETWEEN THE SYSTEM OF NATIONAL ACCOUNTS AND THE SYSTEM OF BALANCES OF THE NATIONAL ECONOMY

Progress in the harmonization of the System of National Accounts (SNA) and the System of Balances of the National Economy (MPS)

Report of the Secretary-General

SUMMARY

The present report is a follow-up to previous progress reports on links between the System of National Accounts (SNA) and the System of Balances of the National Economy (MPS). Section I of the report provides information on progress made since the twenty-fifth session of the Statistical Commission (paras. 4-6), section II outlines the orientation of future work in this area by the Statistical Office of the United Nations Secretariat (paras. 7-10) and section III presents points for discussion (para. 11).

CONTENTS

	Paragraphs	Page
INTRODUCTION	1 - 3	3
I. RESULTS OF RECENT WORK	4 - 6	3
II. ORIENTATION OF FUTURE WORK	7 - 10	4
III. POINTS FOR DISCUSSION	11	5

INTRODUCTION

1. The objective of the present report is to inform the Statistical Commission of the progress made in the orientation of work on links between the System of National Accounts (SNA) and the System of Balances of the National Economy (MPS).

2. At its twenty-fifth session in 1989, the Commission agreed that overall work on SNA/MPS links should be reoriented towards greater adaptation of each system to the circumstances of countries with different economic and social systems.

3. The Commission reviewed a progress report on SNA/MPS comparison (E/CN.3/1989/6) and endorsed the continuation of the work on the linking of SNA and MPS carried out by the Statistical Office of the United Nations Secretariat, in conjunction with regional commissions and appropriate international organizations, particularly with the Council for Mutual Economic Assistance aiming at integrating the two systems. 1/

I. RESULTS OF RECENT WORK

4. During 1989 the Statistical Office of the United Nations Secretariat initiated a special project aimed at preparing for and holding a world-level Expert Group Meeting on Reconciliation of SNA/MPS Standards on National Accounts. The meeting took place in December 1989 in Moscow. Prior to the Expert Group meeting the following activities took place:

(a) Preparatory case studies were undertaken in four countries (China, Cuba, India and Zimbabwe) to assess the difficulties of applying alternative national accounting standards. These studies supplemented the studies already carried out in Europe (France and Hungary, Finland and Bulgaria, Finland and Czechoslovakia). The case studies tested the feasibility of developing an integrated framework and the role that the two systems may play in statistical development supporting policy and planning uses;

(b) Staff of the Statistical Office of the United Nations Secretariat participated in the Expert Group Meeting on the System of Balances of the National Economy (MPS) methodology, organized by the Statistical Division of the Council for Mutual Economic Assistance (March 1989, Prague, Czechoslovakia);

(c) Staff of the Statistical Office of the United Nations Secretariat and experts from selected developing countries (China, Cuba, Zimbabwe) participated in the Economic Commission for Europe (ECE) Working Party on National Accounts and Balances (May 1989, Geneva) to evaluate the results of the case studies and to prepare for the SNA/MPS Expert Group meeting.

5. These activities were successfully implemented, and many outstanding issues concerning various types of differences between SNA and MPS were resolved. In the light of possible uses of SNA in countries in transition, an understanding was reached on how SNA and MPS could be further integrated both theoretically and

practically. In particular, the December 1989 Expert Group meeting studied to what extent that may be accomplished by the harmonization of concepts and to what extent the text of the revised SNA should address the special needs of the countries in transition.

6. The exchange of opinions among experts revealed many detailed areas where general agreement could be reached. Among these, the following areas were discussed extensively: production boundary; income concepts; gross output; treatment of subsidies; the distinctions between intermediate and final consumption and between intermediate consumption and capital formation; consumption of fixed capital and losses; the content of household consumption; transactions with the rest of the world and integrated accounts. However, it had to be noted that there were a number of difficult outstanding issues where as yet agreement could not be reached. Those issues required more work before a consensus could be reached. The meeting endorsed the view that it was opportune to search for ways to bring the two systems closer together and it was important not to postpone that work. The outcome of the Expert Group Meeting on Reconciliation of SNA/MPS Standards on National Accounting is described in more detail in document E/CN.3/1991/11. Related work on the SNA itself is described in more detail in document E/CN.3/1991/5.

II. ORIENTATION OF FUTURE WORK

7. The continuing evolution of statistical priorities since the twenty-fifth session of the Commission in countries now or formerly using MPS has important consequences for the work previously carried out by the Statistical Office of the United Nations Secretariat under the broad heading of SNA/MPS links. An initial major consequence of these developments is the planned change in the orientation, title and contents of the revision of the existing United Nations publication Comparison of the System of National Accounts and the System of Balances of the National Economy: Part One, Conceptual Relationships. 2/ Although the need for a revision of this publication had been recognized at several sessions of the Statistical Commission, it was originally seen primarily as an updating effort. However, the nature and scope of the revisions were reconsidered at the Expert Group Meeting on Reconciliation of SNA/MPS Standards on National Accounting (December 1989, Moscow) and during the meeting of the Inter-Secretariat Working Group on National Accounts (June 1990, Vienna). As a result of these discussions, agreement was reached that the revised version of the Comparison ... Part One be retitled Handbook on the Application of the SNA in Transition Economies. It was proposed that the preparation of this Handbook be given high priority in the work programme of the Statistical Office of the United Nations Secretariat in view of the urgent needs of countries in transition for guidance on the application of SNA in their economies.

8. In general it was considered that the Handbook covered the following areas: (a) practical elaboration of SNA concepts when applied to countries in transition, special adaptations of SNA concepts to those countries, including the treatment of bank service charges, exchange rates and subsidies, and in general the allocation of institutions and transactions characteristic of countries in transition to SNA transactor and transaction categories; (b) framework for integrating SNA and MPS

concepts reflecting the different product and production boundaries and other conceptual differences remaining between the two systems for use in practical elaboration of SNA; and (c) use of uniform terminology between SNA and MPS.

9. With regard to the provision of additional technical documentation and guidance on national accounting or other aspects of statistical methodology in countries now or formerly using MPS, it is proposed that any future work by the Statistical Office of the United Nations Secretariat be carried out in the context of ongoing methodological work in each substantive field. In other words, in the future the special needs of these countries in national accounts would be addressed within the context of ongoing work on SNA, and their special needs in the area of classifications would be addressed within the context of ongoing work by the Statistical Office on classifications and so on.

10. Any future work will continue to be carried out in close co-operation and co-ordination with interested national, regional and international agencies.

III. POINTS FOR DISCUSSION

11. In the light of the above, the Commission may wish to comment on:

(a) The suggested scope and content of the Handbook on the Application of the SNA in Transition Countries;

(b) Other methodological support and documentation needed by countries now or formerly using the MPS;

(c) The proposed new orientation of work taking into account the statistical needs of countries in transition.

Notes

1/ Official Records of the Economic and Social Council, 1989, Supplement No. 3 (E/1989/21), para. 68 (b).

2/ Series F, No. 20 (United Nations publication, Sales No. E.77.XVII.6).